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March 5, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

**RE: Application by South Carolina Electric & Gas Company for Authority to
Participate in a \$6 Billion Revolving Credit Facility
Docket No. 2019-44-E**

Dear Ms. Boyd:

Enclosed for filing on behalf of South Carolina Electric & Gas Company ("SCE&G") is a proposed Order Authorizing Participation in Revolving Credit Facility ("Proposed Order") in the above-captioned docket.

By copy of this letter, SCE&G is providing the South Carolina Office of Regulatory Staff with a copy of the Proposed Order.

If you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,

Matthew W. Gissendanner

MWG/kms
Enclosures

cc: Dawn Hipp
Jeffrey M. Nelson, Esquire
(both via electronic mail and U.S. First Class Mail w/enclosures)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2019 - 44 - E

March 5, 2019

IN RE: APPLICATION BY SOUTH) CAROLINA ELECTRIC & GAS) COMPANY FOR AUTHORITY TO) PARTICIPATE IN A \$6 BILLION) REVOLVING CREDIT FACILITY)	ORDER AUTHORIZING PARTICIPATION IN REVOLVING CREDIT FACILITY
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This matter comes before the Public Service Commission of South Carolina ("Commission") by way of an Application for Authority to Participate in a \$6 Billion Revolving Credit Facility filed on January 18, 2019, by South Carolina Electric & Gas Company ("Company" or "SCE&G"). The Application was filed pursuant to S.C. Code Ann. § 58-27-1710 et seq. (2015), and S.C. Code Ann. Regs. 103-823 and 823.1 (2012).

In September 2010, the State Corporation Commission of Virginia granted Virginia Electric and Power Company ("VEPCO") the authorization to establish and participate in a syndicated revolving credit facility together with its parent Dominion Energy, Inc. ("DEI"). Since that time, Dominion Energy Gas Holdings, LLC ("DEGH") and Questar Gas Company ("Questar") have been added as Borrowers and the credit agreement evidencing the credit facility has been amended and restated

from time to time. Through this filing, SCE&G seeks Commission approval to participate in a \$6 billion syndicated revolving credit facility ("Proposed Core Credit Facility") together with its indirect parent DEI, and its affiliates VEPCO, DEGH, and Questar, and to execute the Fourth Amended and Restated Revolving Credit Agreement ("Fourth A&R Revolving Credit Agreement"), which will add SCE&G as a borrower and replace the existing core credit facility.

Under the Proposed Core Credit Facility, which has a maximum aggregate amount of \$6.0 billion, revolving credit loans may be made to the Company, VEPCO, DEI, DEGH, and Questar (each, individually, a "Borrower" and, collectively, the "Borrowers") at any time and from time to time up to the full aggregate amount of the commitment of the lenders less any letters of credit and commercial paper that have been issued. The initial maximum amount available to SCE&G under the Proposed Core Credit Facility ("sub-limit") is \$500,000,000.¹ The sub-limits available to the Borrowers may be reallocated among the Borrowers up to six times per year; however, the SCE&G sub-limit shall not at any time exceed \$1 billion.

The proceeds of any borrowing by the Company under the Proposed Core Credit Facility will be used for general corporate purposes, including commercial paper liquidity back-up. In addition, a portion of the Proposed Core Credit Facility will be available for the issuance of letters of credit. For the Company, the aggregate

¹ The initial sub-limits for the other Borrowers are as follows: **\$3 billion for DEI, \$750,000,000 for DEGH, \$250,000,000 for Questar, and \$1.5 billion for VEPCO.**

amount of letters of credit may not exceed its sub-limit as discussed above, and for all Borrowers in the aggregate, the amount of letters of credit may not exceed \$2 billion. A default by any Borrower (other than by the Company) under the Proposed Core Credit Facility would not cause a default by the Company under the Proposed Core Credit Facility (i.e., would not detrimentally impact the Company's access to capacity under the facility).

Borrowings, if any, by the Company under the Proposed Core Credit Facility will be accounted for on the books of the Company as either short-term debt or long-term debt depending upon the facts and circumstances of the borrowing. All expenses of the transaction, inclusive of interest expense on borrowings and annual facility fees for which the Company is responsible, will be charged and amortized to expense during the term of the Proposed Core Credit Facility. Annual facility fees will be paid on a quarterly, in arrears, basis.

The Proposed Core Credit Facility will mature on March 20, 2023. However, the Borrowers will continue to have the option to extend the maturity for two one-year periods. Any loans or drawn amounts outstanding under the Proposed Core Credit Facility must be repaid in full at the end of the term

To enter into the Proposed Core Credit Facility, the Company seeks authority to execute the Fourth A&R Revolving Credit Agreement among the Borrowers, the lenders, and the administrative agent for the lenders. The Fourth A&R Revolving Credit Agreement provides the customary terms and conditions under which

borrowings by the Borrowers under the Proposed Core Credit Facility may be made. The negotiation, execution, and delivery of the Fourth A&R Revolving Credit Agreement is a condition precedent to the obligations of the Borrowers, the lenders, and the administrative agent for the lenders in connection with the Proposed Core Credit Facility. By letter dated February 6, 2019, the Company filed a copy of the Fourth A&R Revolving Credit Agreement as Amended Exhibit B to the Company's Application.

In its Application, SCE&G states that its existing commercial paper program will continue to be fully supported by the existing revolving credit facility which matures December 17, 2020. However, SCE&G maintains that, in the event that the Commission delays or fails to approve the Proposed Core Credit Facility, the Company will have missed an opportunity to increase its liquidity and extend the maturity of its current revolving credit facility several years. Without the increase of liquidity, the Company asserts that it would be subject to a potential decrease in credit ratings and that, if the credit ratings are reduced, the Company's ability to offer and sell securities rapidly to take advantage of favorable transient market conditions could be adversely affected which could potentially increase the cost of debt.

After investigation by the South Carolina Office of Regulatory Staff and upon full consideration by the Commission, the Commission is of the opinion, and so finds, that the matters set forth in the Application and the exhibits thereto are proper; that

the purpose of the Proposed Core Credit Facility and the proposed use of any borrowing by the Company under the Proposed Core Credit Facility is proper; and that incurring and repaying indebtedness under the Proposed Core Credit Facility pursuant to the terms thereof are reasonable and proper and that the Proposed Core Credit Facility is reasonably necessary for the purpose for which it is to be used.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

1. That SCE&G is hereby granted a Certificate of Authority to jointly execute with VEPCO, DEI, DEGH, and Questar, the Fourth A&R Revolving Credit Agreement as set forth in Amended Exhibit B to the Company's Application, provided that any additional revisions are immaterial and do not adversely impact SCE&G.

2. That SCE&G is hereby granted a Certificate of Authority to participate in the \$6 billion Proposed Core Credit Facility, together with its indirect parent DEI, and its affiliates VEPCO, DEGH, and Questar, under which SCE&G may borrow from time to time up to a maximum of \$500,000,000 initially and up to \$1 billion if a reallocation of the Borrowers' initial maximum amounts occurs, as described in the Application; to incur and repay such indebtedness under such the Proposed Core Credit Facility pursuant to the terms thereof; and to issue notes evidencing such indebtedness.

3. That SCE&G be, and it hereby is, granted a Certificate of Authority reimburse DEI or any other DEI affiliate for payments made on the Company's behalf.

4. That SCE&G's borrowings may remain outstanding until the Proposed Core Credit Facility's final maturity date.

5. That SCE&G is also authorized to periodically extend the maturity date of the Proposed Core Credit Facility and to substitute participating lenders and to modify the terms of the Proposed Core Credit Facility as market conditions may warrant.

6. That SCE&G is authorized to incur and pay the fees and expenses in connection with the negotiation, consummation or performance of the Proposed Core Credit Facility or any extensions or modifications thereof.

7. That SCE&G is authorized to use borrowings under the Proposed Core Credit Facility for general corporate purposes, including, but not limited to, commercial paper liquidity back-up, and that the initial maximum amount available to SCE&G of \$500,000,000, and up to \$1 billion if a reallocation of the Borrowers' initial maximum amounts occurs, is reasonably necessary for these purposes.

8. That approval of the Application does not bind the Commission as to the ratemaking treatment of the Proposed Core Credit Facility or borrowings thereunder.

9. That this Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

10. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Comer H. "Randy" Randall, Chairman

ATTEST:

Jocelyn G. Boyd, Chief Clerk/Administrator
(SEAL)